



MARINE RESOURCES COMMISSION

REPORT ON AUDIT

FOR THE PERIOD

JULY 1, 2012 THROUGH JUNE 30, 2015

Auditor of Public Accounts

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AUDIT SUMMARY

Our audit of the Marine Resources Commission for the period July 1, 2012, through June 30, 2015 found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth Accounting and Reporting System and Cardinal;
- no matters involving internal control and its operation necessary to bring to management's attention; and
- no instances of noncompliance with applicable laws and regulations or other matters that are required to be reported.

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COMMISSION HIGHLIGHTS

The Marine Resources Commission (Commission) manages the Commonwealth's marine fishery and habitat resources. It manages publicly owned oyster beds, leases oyster planting grounds, constructs artificial reefs to enhance habitat, and is responsible for Virginia's streambeds and tidal bottomlands, wetlands, and dunes. The Virginia Marine Police, the Commission's law enforcement division, enforces boating, fishery, and habitat management laws and regulations in tidal waters. It also provides search and rescue services, and patrols contaminated areas to prevent harvesting and fishing. All of the Commission's duties relate primarily to the tidal waters of the Commonwealth.

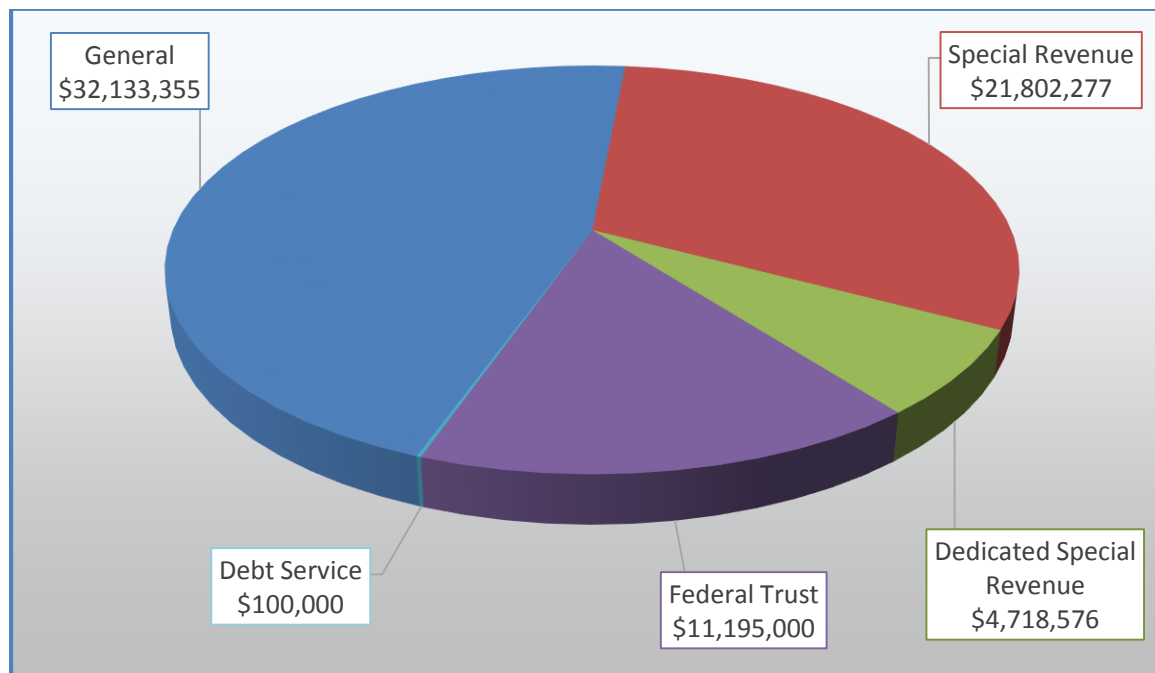
Financial Information

The Commission receives a combination of General Fund appropriations, special revenue funds, and federal grants. The Commission also collects various special revenue funds, including revenue from the sale of saltwater fishing licenses, which the Department of Game and Inland Fisheries sells on behalf of the Commission.

The following chart summarizes funding sources for the Commission for the period July 1, 2012, through June 30, 2015:

Total Fiscal Years 2013-2015 Funding By Source

Chart 1



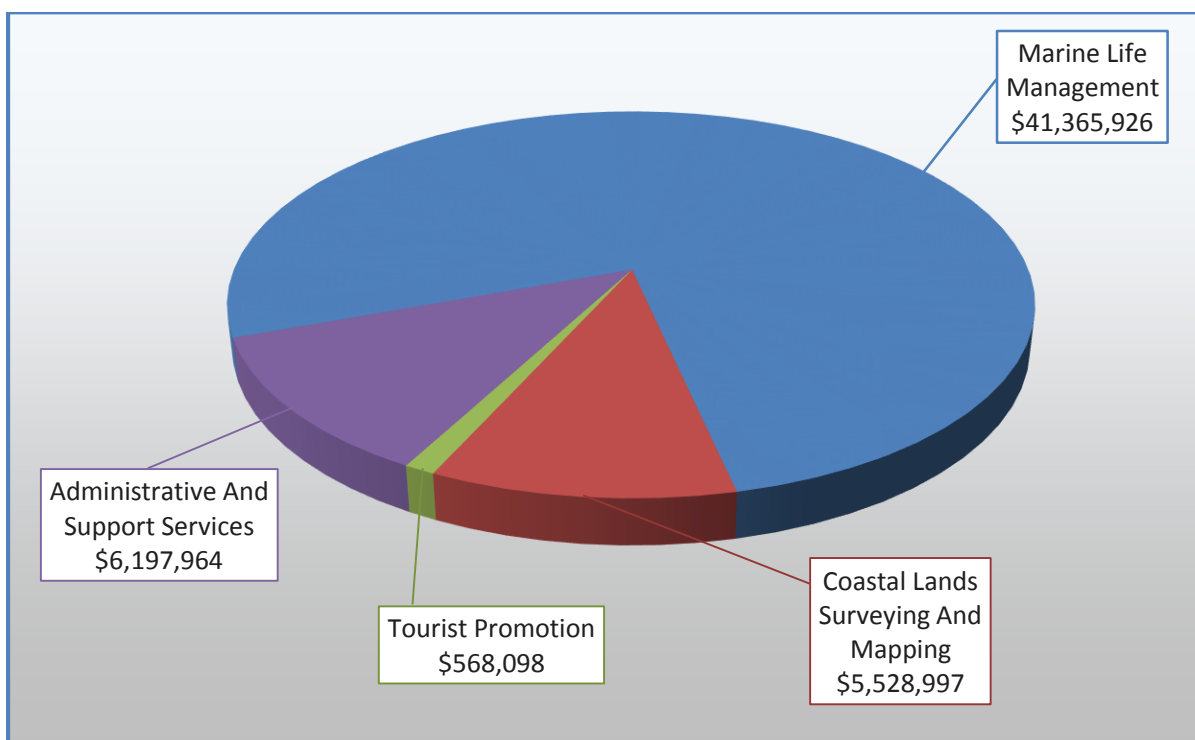
Source: Commonwealth Accounting and Reporting System

The Commission's largest program, Marine Life Management, accounts for the majority of the Commission's expenses. This program includes regulation and enforcement activities, fishery management, and replenishment and restoration activities for shellfish and oysters. The majority of expenses under this program are personnel costs for the employees who carry out these functions. Under this program the Commission also, after a public review process and approval by the Commission Board, awards grants for projects benefitting recreational fishing in the Commonwealth.

The following chart summarizes expenses by program for the Commission for the period July 1, 2012, through June 30, 2015:

Total Fiscal Years 2013-2015 Expenses By Source

Chart 2



Source: Commonwealth Accounting and Reporting System



Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

May 2, 2016

The Honorable Terence R. McAuliffe
Governor of Virginia

The Honorable Robert D. Orrock, Sr.
Vice-Chairman, Joint Legislative Audit
and Review Commission

We have audited the financial records and operations of the **Marine Resources Commission** for the period July 1, 2012, through June 30, 2015. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Objectives

Our audit's primary objectives were to evaluate the accuracy of recorded financial transactions in the Commonwealth Accounting and Reporting System and Cardinal, review the adequacy of the Marine Resources Commission's internal controls, and test compliance with applicable laws, regulations, contracts, and grant agreements. The Marine Resources Commission transitioned to using Cardinal, the Commonwealth's new accounting and financial reporting system, on October 1, 2014.

Audit Scope and Methodology

The Marine Resources Commission's management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws, regulations, contracts, and grant agreements.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered significance and risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances.

Revenues
Expenses
Payroll expenses
Small purchase charge card
Capital assets
Information System Security

We performed audit tests to determine whether the Commission's controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws, regulations, contracts, and grant agreements. Our audit procedures included inquiries of appropriate personnel, inspection of documents, records, and contracts, and observation of the Commission's operations. We tested transactions and performed analytical procedures, including budgetary and trend analyses.

Conclusions

We found that the Marine Resources Commission properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System and Cardinal. The Marine Resources Commission records its financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The financial information presented in this report came directly from the Commonwealth Accounting and Reporting System.

We noted no matters involving internal control and its operation that we consider necessary to be reported to management. The results of our tests of compliance with applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Exit Conference and Report Distribution

We discussed this report with management on May 4, 2016.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

KJS/alh

COMMISSION OFFICIALS

Virginia Marine Resources Commission Board
As of June 30, 2015

John M.R. Bull
Commissioner

Chad Ballard, III	S. Lynn Haynie
James D. Close	Ken Neill, III
A.J. Erskine	Whitt Sessoms
John E. Zydron	